

# FormFactor, Inc. Announces 2005 Second Quarter Financial Results

## Record quarterly revenues of \$52.3 million, up 21% year over year.

LIVERMORE, CA -- July 20, 2005 -- FormFactor, Inc. (Nasdaq: FORM) today announced its financial results for the second quarter of fiscal year 2005, ended June 25, 2005. Quarterly revenues were a record \$52.3 million, up 3% from \$51.0 million in the first quarter of fiscal year 2005, and up 21% from \$43.2 million for the second quarter of fiscal year 2004.

Operating income for the second quarter of fiscal year 2005 was 12.0% of revenues, compared to 13.1% for the first quarter of fiscal year 2005. Operating income for the first quarter of fiscal year 2005 and for the second quarter of fiscal 2005 was reduced by startup costs related to the transition to our new manufacturing facility of \$4.4 million and \$4.7 million, or 8.6% and 9.0% of revenues, respectively. Operating income for the second quarter of fiscal year 2004 was 25.3% of revenues as no costs were incurred on the new manufacturing facility.

Net income for the second quarter of fiscal year 2005 was \$5.0 million or \$0.12 per share on a fully diluted basis, compared to \$4.9 million or \$0.12 per share on a fully diluted basis for the first quarter of fiscal year 2005, and \$6.8 million or \$0.17 per share on a fully diluted basis for the second quarter of fiscal year 2004.

Bookings of \$58.0 million for the second quarter of fiscal year 2005 also set a company record, with an increase of 14.0% from \$50.9 million for the first quarter of fiscal year 2005 and 13.3% from \$51.2 million for the second quarter of fiscal year 2004.

Joseph Bronson, President of FormFactor stated, "Demand for our advanced probe card products continued to be strong. We are beginning to ramp capacity in our new facility and are focused on expanding our capacity to meet demand".

The Company has posted its revenue breakdown by region and market segment on the Investors section of its website at <u>www.formfactor.com</u>. FormFactor will conduct a conference call at 1:30 p.m. PDT, or 4:30 p.m. EDT, today. The public is invited to listen to a live web cast of FormFactor's conference call on the Investor section of the Company's website at <u>www.formfactor.com</u>. A replay of the web cast will be available approximately two hours after the conclusion of the call. An audio replay of the conference call will also be made available approximately two hours after the conclusion of the call. The audio replay will remain available until July 23, 2005 at 9:00 p.m. PDT and can be accessed by dialing (888) 203-1112 or (719) 457-0820 and entering confirmation code 9424909.

## About FormFactor:

FormFactor, Inc. (Nasdaq: FORM) is an industry leader in the design, development, manufacture, sale and support of precision, high-performance advanced semiconductor wafer probe cards. The Company's products are based on its proprietary technologies, including its MicroSpring interconnect technology and design processes, which enable FormFactor to produce wafer probe cards for test applications that require reliability, speed, precision and signal integrity. FormFactor is headquartered in Livermore, California. For more information, visit the Company's website at <u>www.formfactor.com</u>.

FormFactor and MicroSpring are registered trademarks of FormFactor, Inc. All other product, trademark, company or service names mentioned herein are the property of their respective owners.

Statements in this press release that are not strictly historical in nature are forward-looking statements within the meaning of the federal securities laws, including statements regarding business momentum, future growth and the performance of our products. These forward-looking statements are based on current information and expectations that are inherently subject to change and involve a number of risks and uncertainties. Actual events or results might differ materially from those in any forward-looking statement due to various factors, including, but not limited to: the demand for certain semiconductor devices; the rate at which semiconductor manufacturers make the transition to 110 and sub-110 nanometer technology nodes and to 300mm fabrication facilities, and implement tooling cycles; and the Company's ability to efficiently transition into its new manufacturing facility. Additional information concerning factors that could cause actual events or results to differ materially from those in any forward-looking statement is contained in the Company's Form 10-Q for the period ended March 26, 2005, filed with the Securities and Exchange Commission ("SEC"), and other SEC filings. Copies of SEC filings made by the Company are available at http://investors.formfactor.com/edgar.cfm. The Company assumes no obligation to update the information in this press release, to revise any forward-looking statements or to update the reasons actual results could differ materially from those anticipated in forward-looking statements.

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#### FORMFACTOR, INC. CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Three Months Ended		Six Months Ended			
	June 25, 2005 June 26, 2004		Jur	ie 25, 2005 Jur	e 26, 2004	
(In thousands, except per share data)						
Revenues	\$	52,337	\$ 43,154	\$	103,302 \$	80,272
Cost of revenues		30,434	20,158		59,125	38,184
Stock-based compensation		127	157		271	312
Gross margin		21,776	22,839		43,906	41,776
Operating expenses:						
Research and development		5,516	4,516		11,184	8,865
Selling, general and administrative		9,377	6,862		18,573	12,736
Stock-based compensation		625	564		1,235	1,116
Total operating expenses		15,518	11,942		30,992	22,717
Operating income		6,258	10,897		12,914	19,059
Interest income		980	572		1,796	1,105
Other income (expense), net		(112)	(247)		(25)	(642)
		868	325		1,771	463
Income before income taxes		7,126	11,222		14,685	19,522
Provision for income taxes		(2,114)	(4,466)		(4,762)	(7,663)
Net income	\$	5,012	\$ 6,756	\$	9,923 \$	11,859
Net income per share:						
Basic	\$	0.13	\$ 0.18	\$	0.25 \$	0.32
Diluted	\$	0.12	\$ 0.17	\$	0.24 \$	0.29
Weighted-average number of shares used in per share calculations:						
Basic		39,274	37,381		39,146	37,308

Diluted	41,497	40,609	41,355	40,388

#### FORMFACTOR, INC. CONSOLIDATED BALANCE SHEETS (in thousands, except share and per share data) (Unaudited)

June 25, 2005     December 25, 2004       ASSETS     Current assets:     Cash and cash equivalents     \$ 18,887     \$ 34,836       Marketable securities     174,394     156,647       Accounts receivable, net of allowance for doubtful accounts     33,346     25,054       of \$118 in 2005 and \$41 in 2004     12,769     11,232       Deferred tax assets     7,587     7,587       Prepaid expenses and other current assets     4,771     4,760       Total current assets     2,250     2,250       Property and equipment, net     67,848     59,356       Deferred tax assets     570     570       Other assets     570     570       Total assets     5     15,543     \$ 17,556       Accourts payable     \$ 15,543     \$ 17,556       Accourts payable     \$ 15,543     \$ 17,556       Accourts payable     \$ 15,643     \$ 17,556       Accourts payable     \$ 15,543     \$ 17,556       Accourts payable     \$ 15,543     \$ 17,556       Accourts payable     \$ 15,643     \$ 17,556       Deferred revenue and	(Unaudited)						
ASSETS Current ass ets: Cash and cash equivalents Marketable securities Accounts receivable, net of allowance for doubtful accounts of \$118 in 2005 and \$41 in 2004 Inventories Deferred tax assets 7,587 7,587 Prepaid expenses and other current assets 7,587 Total current assets 251,354 240,116 Restricted cash 2,250 2,250 Property and equipment, net 67,848 59,356 Deferred tax assets 570 570 Other assets 4,371 Total assets 570 570 570 Other assets Accounts payable Accounts liabilities Account liabilities Account liabilities 75 195 Deferred revenue and customer advances 75 195 Deferred revenue and customer advances 75 195 205 205 205 205 205 205 205 20		June 25,	December 25,				
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Marketable securities     174,394     156,647       Accounts receivable, net of allowance for doubtful accounts     33,346     25,054       of \$118 in 2005 and \$41 in 2004     12,769     11,232       Deferred tax assets     7,587     7,587       Prepaid expenses and other current assets     4,371     4,760       Total current assets     251,354     240,116       Restricted cash     2,250     2,250       Property and equipment, net     67,848     59,356       Deferred tax assets     570     570       Other assets     645     274       Total assets     570     570       LIABILITIES AND STOCKHOLDERS' EQUITY     532,667     302,566       LIABILITIES AND STOCKHOLDERS' EQUITY     18,358     14,685       Deferred revenue and custom er advances     2,924     2,770       Total current liabilities     36,825     35,011       Deferred revenue and custom er advances     75     195       Deferred rent     2,402     2,185       Total liabilities     39,302     37,391       Stockholders' equity     266	Current assets:						
Accounts receivable, net of allowance for doubtful accounts33,34625,054accounts receivable, net of allowance for doubtful accounts33,34625,054of \$118 in 2005 and \$41 in 200412,76911,232Deferred tax assets7,5877,587Prepaid expenses and other current assets4,3714,760Total current assets251,354240,116Restricted cash2,2502,250Property and equipment, net67,84859,356Deferred tax assets570570Other assets645274Total assets5302,566LIABILITIES AND STOCKHOLDERS' EQUITYCurrent liabilitiesAccounts payable\$ 15,543\$ 17,556Accound liabilities18,35814,685Deferred revenue and custom er advances2,9242,770Total current liabilities36,82535,011Deferred revenue and custom er advances75195Deferred revenue and custom er advances39,30237,391Stockholders' equity20,619240,149Deferred stock-bas ed comp ensation(4,520)(5,413)Accumulated other comprehensive	Cash and cash equivalents	\$ 18,887	\$ 34,836				
of \$118 in 2005 and \$41 in 2004     12,769     11,232       Deferred tax ass ets     7,587     7,587       Prepaid expresses and other current assets     4,371     4,760       Total current assets     251,354     240,116       Restricted cash     2,250     2,250       Property and equipment, net     67,848     59,356       Deferred tax ass ets     570     570       Other assets     570     570       Total assets     5322,667     \$ 302,566       LIABILITIES AND STOCKHOLDERS' EQUITY     5 322,667     \$ 302,566       LIABILITIES AND STOCKHOLDERS' EQUITY     5 15,543     \$ 17,556       Current liabilities     2,924     2,770       Total current liabilities     36,825     35,011       Deferred revenue and customer advances     75     195       Deferred revenue and customer advances     75     195       Deferred revenue and customer advances     39,302     37,391       Stockholders' equity     40     39       Common stock, \$0.001 par value     40     39       Additional paid in capital     256	Marketable securities	174,394	156,647				
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Total current assets     251,354     240,116       Restricted cash     2,250     2,250       Property and equipment, net     67,848     59,356       Deferred tax assets     570     570       Other ass ets     570     570       Total assets     570     570       LIABILITIES AND STOCKHOLDERS' EQUITY     \$ 322,667     \$ 302,566       LIABILITIES AND STOCKHOLDERS' EQUITY     Current liabilities     18,358     14,685       Deferred revenue and custom er advances     2,924     2,770     36,825     35,011       Deferred revenue and custom er advances     75     195     2,402     2,185       Deferred revenue and customer advances     75     195     2,402     2,185       Total liabilities     39,302     37,391     30,202     37,391       Stockholders' equity     205,199     249,149     256,199     249,149       Deferred stock-based comprensation     (4,520)     (5,413)     32,053     22,130       Total stockholders' equity     283,365     265,175     32,053     22,130	Deferred tax assets	7,587	7,587				
Restricted cash2,2502,250Property and equipment, net67,84859,356Deferred tax assets570570Other assets570570Other assets570570Current liabilities322,667\$ 302,566LIABILITIES AND STOCKHOLDERS' EQUITYCurrent liabilities18,35814,685Deferred revenue and custom er advances2,9242,770Total current liabilities36,82535,011Deferred revenue and custom er advances75195Deferred revenue and customer advances75195Deferred rent2,4022,185Total liabilities39,30237,391Stockholders' equity4039Additional paid in capital256,199249,149Deferred stock-base d compensation(4,520)(5,413)Accunulated other comprehensive loss(407)(730)Retained earnings32,05322,130Total stockholders' equity283,365265,175	Prepaid expenses and other current assets	4,371	4,760				
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Total stockholders' equity 283,365 265,175	-	(407)	(730)				
	Retained earnings	32,053	22,130				
Total liabilities and stockholders' equity \$ 322,667 \$ 302,566	Total stockholders' equity	283,365	265,175				
	Total liabilities and stockholders' equity	\$ 322,667	\$ 302,566				